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Approved For Release 2002/05/07 : CIA-RDP79T00912A002200010023-0

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H.R.

East Asia Biweekly Review

27 June 1978

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RP EABR 78-013
27 June 1978

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EAST ASIA BIWEEKLY REVIEW

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This publication is prepared for regional specialists in the Washington community by the East Asia/Pacific Division, Office of Regional and Political Analysis, with occasional contributions from other offices within the National Foreign Assessment Center. Comments and queries are welcome. They should be directed to the authors of the individual articles.

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Malaysia: Election Preview

On the eve of a national parliamentary election and 10 state elections, the position of Prime Minister Hussein Onn and the 10-party ruling National Front he leads is fairly secure. Malaysia's sound economy combined with a fragmented political opposition will probably produce a strong Front showing. Nevertheless, latent racial tension and strains between conservative and moderate Malays might cut into Front strength, particularly that of Hussein's own party, the United Malays National Organization. Hussein's postponement until after the election of the UMNO General Assembly--at which he expects to be confirmed as party president--suggests that these divisions have already affected the Prime Minister's election strategy.

Although the legal deadline for the next election was not until late 1979, Hussein's decision to call one for 8 July came as no surprise. Malaysia's economy, which has grown impressively in 1978, is expected to slow down by next year. Moreover, the two opposition parties of any significance--the conservative Malay Islamic Party (PAS) and the Chinese Democratic Action Party (DAP)--are both at low points. PAS was soundly defeated in the Kelantan State election last March by UMNO and Berjasa, a non-Front Malay party that worked closely with UMNO. The DAP has suffered from internal leadership struggles.

Hussein's record on issues other than economic ones will also work to the Front's favor. The Prime Minister has won general approval for working to reduce communal tensions, cracking down on corruption, stepping up operations against Communist insurgency, and promoting friendly relations with Communist nations--including Vietnam and Cambodia--while remaining neutral in the Sino-Soviet rivalry and reiterating Malaysia's desire to gain international recognition of Southeast Asia as a zone of peace, freedom, and neutrality.

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What is less clear is why Hussein chose to postpone the UMNO General Assembly--originally scheduled for 22-25 June, a period now included in the 17-day campaign leading up to the election. Hussein, who has been acting president of UMNO since assuming the premiership on the death of his predecessor in early 1976, probably would have preferred to be confirmed as UMNO leader before starting to campaign. This would not only have enhanced his political standing nationally, but would have given him a freer hand to shift or remove certain UMNO members in the cabinet whose views Hussein does not share.

The election announcement and simultaneous postponement of the General Assembly earlier this month may reflect increasing uncertainty on Hussein's part over a harmonious UMNO convention. One element of UMNO in particular--the Youth League--is angry over Hussein's refusal to pardon former Youth League President Harun and renounce plans for establishing a predominantly Chinese university. Although this group would not threaten Hussein's chances for the party presidency, it might embarrass him by nominating someone else or staging a walkout.

A strong showing nationally may not ensure a smooth UMNO convention, but it would probably minimize acrimony. Hussein has moved to prevent flareups of racial tension and charges of government favoritism toward Chinese during the campaign. The government has stepped up naval patrols to minimize the number of refugees arriving from Indochina--many of whom increasingly have been Chinese--and it has banned all rallies during the campaign period. The government's arrest in April of the DAP chairman for allegedly violating the Official Secrets Act--although done after a thorough, two-year investigation--may also have been aimed at currying favor with the Malay electorate while discrediting a Chinese opposition leader among non-Malay voters. (SECRET NOFORN)

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A Shifting Course in Philippine Power Politics

There are increasing indications that Defense Secretary Enrile--President Marcos' senior military adviser and long considered to be one of the front-runners in any power struggle to succeed the Philippine leader--has lost ground as a result of shifts in command within the Philippine armed forces. The recent round of retirements and promotions appears to have strengthened the power position of Major General Fabian Ver--one of Marcos's closest confidants and the man responsible for all security and intelligence matters relating to the President's safety. In addition, it seems that with the retirement of certain general officers in the Philippine Constabulary--the largest and politically most important of the four major military services because of its police role under martial law--its chief, Major General Fidel Ramos, has been left with virtually no control over key staff and operational commands.

Enrile Losing Ground

This is not to suggest that there is a dramatic or imminent power struggle in the Philippines, but the reports suggest that Enrile's base of support within the armed forces has been greatly reduced to Ver's benefit and with that shift a consequent decline in the Defense Secretary's political fortunes. Heretofore President Marcos has been careful to prevent either Enrile, Ver, or Ramos from gaining sufficient strength to pose a threat to him. Well aware of the antagonisms between them, Marcos attempted to keep them divided against each other and their influence relatively balanced.

From time to time, however, Marcos and Enrile have had disagreements over policy, such as the Defense Secretary's heated objections to the negotiations in Tripoli that cumulated in a ceasefire arrangement with the Muslim insurgents in December 1976. Usually these disagreements have involved Enrile's preference for a tough,

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no-nonsense approach to problems, in contrast to Marcos' preference for a more politically subtle course.

Enrile's Attitude on US Bases Talks

In this regard, President Marcos recently went out of his way to convince US officials that during Vice President Mondale's visit he personally overruled Enrile's objections to a joint US-Philippine statement affirming the value of the US bases to the mutual defense of both countries. As the President's closest adviser on military matters, which includes the terms and issues relating to the bases negotiations, Enrile has consistently taken a hard line, appearing at times almost inflexible in his position. Enrile appears basically well disposed toward the US, but his attitude reflects his determination to support the demands of the armed forces hierarchy.

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Enrile also recently [] voiced his objections to the 3 May agreement between Vice President Mondale and President Marcos to have the Philippine and US commanders work out the details of combining the two principles of Philippine sovereignty and unhampered US command and control. After clearly defined operational arrangements at the bases are worked out at the military level, they are to be submitted for diplomatic review. Enrile has hinted that General Romeo Espino, commanding general of the armed forces, and other supporting personnel would be more susceptible to US pressure on military issues, than civilian members of the Philippine negotiating panel.

Enrile and Imelda

Its common knowledge that the Philippine First Lady and Enrile have been at odds with each other for years. Imelda Marcos has long considered the Defense Secretary to be her greatest obstacle in any effort to succeed her husband.

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[] Mrs. Marcos was determined to destroy Enrile financially and that the 54-year-old Defense Secretary--perhaps the third most powerful person in the Philippines after President Marcos and his wife--was weary of the struggle with the First Lady and seriously considering

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resignation. Other reports over the past several months suggest that Enrile's political ambitions have been tempered--primarily by the First Lady's running feud with him and also by Major General Ver's increasing influence within the Marcos inner circle.

Prospects

Enrile may be inclined to turn his attention more to his private business affairs. There is, however, no indication that Marcos is trying to force the resignation of his loyal friend, who as his personal attorney has handled his private financial affairs for many years.

Nevertheless, it seems apparent that General Ver is now the most influential man in the Philippine armed forces and may even aspire to Enrile's post as Defense Secretary. He is also--because of his responsibility for the security of the Presidential family--in close contact with the Philippine First Lady. He has been prudent in his remarks about her, but some of his colleagues contend that he likes her no better than they do.

Ver's seeming consolidation of power at the expense of Enrile comes in the wake of indications that younger officers in the Philippine armed forces are becoming increasingly dissatisfied with Marcos. Most of these officers are intensely nationalistic, idealistically motivated, and deeply resent the corruption they perceive at various strata of the government bureaucracy. Their goals are undefined, however, beyond their strong anti-Marcos convictions. The lack of any unified civilian opposition poses a further complication for them.

As the overseer of the Philippine intelligence network, General Ver presumably has been able to monitor this dissidence. With second-level command shifts reported in the offing, he will be in an even more favorable position to influence the advancement of younger officers and further strengthen his options in any succession struggle--either as leader himself or the power behind a civilian government. (SECRET NOFORN-NOCONTRACT-ORCON)

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China - North Korea: Increased Oil Supply

In a move to supplant the Soviet Union as the primary supplier of oil to North Korea, China has reportedly agreed to sharply increased oil exports. The increased oil will alleviate recent shortages in North Korea caused by two years of declining Soviet oil exports. The Soviet Union has also stated that it will increase exports somewhat above last year's low levels.

The Soviet Union was the only significant supplier of petroleum to North Korea until 1973. Soviet supply peaked at 1,100,000 tons in 1975 and fell off to 780,000 tons last year. Increased Soviet prices combined with inadequate North Korean exports of cement and other materials are perhaps responsible.

During his trip to Pyongyang in May, Chinese Premier Hua Kuo-feng reportedly agreed to provide North Korea 1.5 million tons of oil. It is not clear if the entire amount is to be delivered in 1978 or spread over a number of years. The oil promised by Hua evidently is in addition to a previously negotiated 1 million ton barter agreement. Since 1973 Chinese oil deliveries have increased gradually to 850,000 tons last year. Thus in 1977 Pyongyang received an estimated 1.6 million tons from both sources. This amount was not enough, however, to prevent shortages in civilian sectors of the economy.

The Chinese are currently aiding in the construction of a petroleum refinery in North Korea just across the border from China. Limited operation could be possible by the end of the year. A pipeline is under construction south toward Pyongyang. In addition to the petroleum, Hua offered hydroelectric power equipment and a number of small factories to aid North Korea's Seven-Year Plan, which began this year.

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North Korea has taken advantage of its coal and hydropower resources to minimize its dependence on petroleum. Demand has nevertheless increased rapidly as a result of new oil burning industries, agricultural mechanization, and a general military buildup. Caught between the Soviet squeeze and a critical shortage of hard currency to purchase oil on the open market, Pyongyang has been negotiating with a British firm for an offshore oil exploration program and has been drilling on its own but with no success. The Chinese oil should, therefore, be warmly welcomed in Pyongyang. (SECRET NOFORN-NOCONTRACT)

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